
**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
FINANCE COMMITTEE**

MINUTES OF MEETING

April 14, 2006

The Finance Committee met on Friday, April 14, 2006, in the Lincoln Plaza Building at 400 Q Street, Sacramento, California.

The meeting was called to order at 9:35 a.m. and the following members were present:

Robert Carlson, Chair
Karen Greene Ross for Steve Westly, Vice Chair
James Zerio for Philip Angelides
Marjorie Berte
Tony Oliveira
Kurato Shimada
Charles Valdes

Other Board Member present:
None

AGENDA ITEM 2 – APPROVAL OF MARCH 14, 2006 MEETING MINUTES

The minutes were approved by the Committee as presented.

AGENDA ITEM 3 – CHIEF AUDITOR'S REPORT

Larry Jensen, Chief, Office of Audit Services, presented a matrix reflecting the status of various activities occurring within the Office of Audit Services to the Committee as an information item.

The Committee discussed CalPERS' response to the GASB Technical Bulletin regarding accounting and financial reporting for payments from the Federal Government pursuant to provisions of Medicare Part D. The Committee directed staff to file the response with GASB which was due April 17, 2006.

AGENDA ITEM 4 – FINANCIAL STATEMENT AUDITOR – NON-AUDIT SERVICES

Mr. Jensen presented the Financial Statement Auditor – Non Audit Services to the Committee as an action item. Staff recommended approval for Deloitte and Touche, independent financial statement auditor, to perform non-audit services related to the CalPERS Fiscal Services Division Accounting Action Plan.

On **MOTION** by Mr. Zerio, **SECONDED** and **CARRIED**, the Committee recommended the Board accept staff's recommendation to approve Deloitte and Touche, independent financial statement auditor, to perform non-audit services related to the CalPERS Fiscal Services Division Accounting Action Plan. Karen Greene Ross, representing the Controller's Office, voted no.

AGENDA ITEM 5 – OFFICE OF ENTERPRISE COMPLIANCE QUARTERLY STATUS REPORT

Sherry Johnstone, Chief Compliance Officer, presented the Office of Enterprise Compliance Quarterly Status Report to the Committee as an information item.

AGENDA ITEM 6 – COMPLIANCE OFFICE REPORT

Ms. Johnstone presented a matrix that reflected the status of various activities occurring within the Compliance Office to the Committee as an information item.

AGENDA ITEM 7 – THREE-YEAR BUSINESS PLAN 2006-07 THROUGH 2008-09 (FIRST READING)

Susan Garrett, Chief, Strategic Management Services Division, presented the first reading of the Three-Year Business Plan 2006-07 through 2008-09 to the Committee as an information item.

Staff was instructed to set up a reporting timetable to be incorporated into the policy and report back to the Finance Committee in June.

On **MOTION** by Ms. Berte, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the first reading of the CalPERS Three-Year Business Plan 2006-07 through 2008-09.

AGENDA ITEM 8 – INFORMATION TECHNOLOGY SERVICES STATUS REPORT

Gene Reich, Assistant Executive Officer, Information Technology Services Branch, presented a matrix that reflected the status of the Pension System Resumption (PSR) Project to the Committee as an information item.

Teri Bennett, PSR Project Manager, reported to the Committee that three final proposals have been received from the approved vendors. The PSR team is currently conducting formal evaluations. The target date to select the winner is June 30, 2006 and the target date to award the contract is September 2006.

Mr. Reich reported that once the recommended vendor selection is made, the recommendation will come back to the Finance Committee as an action item.

AGENDA ITEM 9 – ANNUAL REPORT OF DISCHARGE OF ACCOUNTABILITY FOR UNCOLLECTIBLE DEBT (WRITE-OFF)

Chuck Beckwith, Assistant Division Chief, Fiscal Services Division, presented the Annual Report of Discharge of Accountability for Uncollectible Debt (Write-Off) to the Committee as an action item.

On **MOTION** by Ms. Berte, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the Discharge from Accountability Uncollectible Debt Totaling \$34,425.00.

AGENDA ITEM 10 – FISCAL YEAR 2006-07 BUDGET PROPOSALS (SECOND READING)

Lyn Vice, Assistant Division Chief, Fiscal Services Division, presented the second reading of the Fiscal Year 2006-07 Budget Proposals to the Committee as an action item.

On **MOTION** by Ms. Greene Ross, **SECONDED** and **CARRIED**, the Committee recommended the Board approve as second readings the proposed Fiscal Year 2006-07 Administrative Budget of \$261,831,143 and 1,924 positions; the proposed Fiscal Year 2006-07 CalPERS Headquarters Building Account budget of \$33,242,277; the proposed Fiscal Year 2006-07 Enterprise Projects Budget of \$35,916,500; and the transmittal letter for this agenda item to the Joint Legislative Budget Committee, Fiscal Committees of the Legislature, State Controller, and Department of Finance, in accordance with the Budget Act of 2005, and to the Legislative Analyst's Office, State and Consumer Services Agency, and the Office of Legislative Counsel. James Zerio, representing the State Treasurer's Office voted no.

AGENDA ITEM 11 – CURRENT BUDGET ISSUES

Ms. Vice presented to the Committee as an information item an update regarding the two Spring Finance Letters submitted to the Legislature.

AGENDA ITEM 12 – CASH FLOW REPORT

Mr. Beckwith presented the Cash Flow Report to the Committee as an information item and stated these reports from this point forward will be presented on a quarterly basis.

AGENDA ITEM 13 – ASSISTANT EXECUTIVE OFFICER REPORT

Curtis Howard, Assistant Executive Officer, Administrative Services Branch, presented a matrix that reflected the status of the Independent Review of the Contract Process, the Emergency Response Plan, and the Accounting Action Plan to the Committee as an information item.

AGENDA ITEM 14 – PROPOSED JUNE 2006 AGENDA

Mr. Howard informed the Committee that the correct title of agenda item 6 should be “Biennial Audit Plan”. The item is still an action item.

AGENDA ITEM 15 – PUBLIC COMMENT

There were no public comments.

The next Finance Committee meeting is scheduled for June 16, 2006 in Sacramento, California.